

12.  
NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

STATE OF TEXAS

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KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF TARRANT

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**COMMUNITY OIL AND GAS LEASE (No Surface Use)**

This COMMUNITY OIL AND GAS LEASE (No Surface Use) is made and effective this 1st day of August 2007 (the "**Effective Date**"), by and between the parties listed on **Schedule I hereto** whose addresses are listed on **Schedule I** hereto (hereafter collectively referred to as the "**Lessors**"), and **Vargas Energy, Ltd.**, whose address is 4200 S. Hulen, Suite 614, Fort Worth, Texas 76109 (hereinafter "**Lessee**").

1. **GRANTING CLAUSE.** Lessors, in consideration of lease bonus in hand paid, and other good and valuable consideration in hand paid by Lessee, the receipt of which is hereby acknowledged, and in consideration of the royalties herein provided, and the covenants, agreements and obligations of Lessee herein contained, and upon and subject to the conditions and with the limitations hereinafter set forth, hereby lease and let exclusively unto the said Lessee, for the exclusive purpose of drilling for, producing, marketing oil and gas and substances, if any, produced in association with oil or gas, from those certain lands situated in Tarrant County, Texas, described on **Schedule I** attached hereto (herein the "**Leased Premises**"), such lands being owned collectively by Lessors by separate ownership. This lease does not grant to Lessee any right to explore for or produce any mineral or other substance except for oil and gas and substances, if any, produced in association with oil or gas. This lease is a communitized lease. The Lessors' interests contributed to this lease are intended to be communitized. It is agreed among the Lessors that the royalty proceeds accruing to the Leased Premises for the duration of this lease shall be contractually shared among the several Lessors, their successors and assigns, in proportion to their net mineral acre ownership in the total net mineral acres in the Leased Premises held under this lease.

2. **PRIMARY TERM.** This lease shall remain in force and effect for a term of three (3) years from the Effective Date set out above (hereinafter called "**Primary Term**"), and as long thereafter as there is production in paying quantities or a well capable of producing in paying quantities pursuant to article 3.(d). below, from any portion of the Leased Premises. If at the end of the Primary Term, or at any time thereafter, this lease is not otherwise being maintained in force and effect but Lessee is then engaged in actual drilling, reworking, recompleting, fracing, or any other operations reasonably calculated to obtain or restore production therefrom, this lease shall remain in force so long as any one or more of such operations are prosecuted with no interruption of more than sixty (60) consecutive days, and if any such operations result in the production of oil or gas or other substances covered hereby, as long thereafter as there is a well capable of producing in paying quantities from the Leased Premises or lands pooled therewith.

3. ROYALTY. As royalty, Lessee covenants and agrees to pay to Lessors:

(a) 25% of all oil and other liquid hydrocarbons produced and saved from the Leased Premises, to be delivered at Lessors' option at the wellhead or to Lessors' credit at the oil purchaser's transportation facilities on the Leased Premises, or, at Lessors' option, 25% of the value thereof, all free of all costs and expenses. All oil and liquid hydrocarbons (including those referred to in paragraph (c) below) shall be measured in tanks of Lessee or by accurate liquid meters approved by Lessors.

(b) 25% of the value at the point of final delivery to the first purchaser, and not at the well, of all gas (including casinghead gas) and all other substances (excluding oil) covered hereby, free of all costs and expenses. For purposes hereof, "value" is defined as the price actually received by Lessee for the sale of gas and all other substances (excluding oil) produced and saved hereunder, provided the same is sold under an arms-length and competitively negotiated contract for the sale of such product. Upon request, Lessee shall make available for Lessors' review a copy of any gas contract entered into between Lessee and such unaffiliated entity for gas sold from the Leased Premises, and Lessors shall not disclose the terms of such contract to any party without the prior written consent of Lessee. Lessors shall also be entitled to their 25% royalty share of any take-or-pay or similar payments received in connection with any gas contract modification or termination. Lessee shall pay royalty on all gas produced from the Leased Premises, and Lessee shall have no right to free use of gas produced from the Leased Premises for any purpose, including any operations under this lease.

(c) Notwithstanding anything herein to the contrary, the royalties accruing under this lease shall be determined and delivered to Lessors free of any deduction for any costs of development, production, compression, processing, treating, gathering, transportation, delivery, marketing, or any part of the costs of construction, operation, or depreciation of any plant or other facilities or equipment used in the handling of oil, or gas, or any other post-production costs of any nature, excepting however: (i) taxes of any character applicable to Lessors' share of production that are paid by Lessee; and (ii) Lessors' proportionate part of any post-production costs charged for arms-length services provided at a location off of the Leased Premises or lands pooled therewith, by a third-party not affiliated with Lessee. It is the intent of the parties that the foregoing provisions of this subparagraph 3(c) are to be fully enforceable and effective and are not to be construed as "surplusage" under the principles set forth in *Heritage Resources v. NationsBank*, 939 S.W.2d 118 (1997).

(d) After the expiration of the primary term, if there is on lands pooled with the Leased Premises a well capable of producing gas in paying quantities but gas is not being marketed therefrom for a period of ninety (90) consecutive days and this lease is not then being maintained by other production or operations, then this lease shall terminate unless on or before sixty (60) days following the end of such ninety (90) day period, Lessee tenders or pays as shut-in royalty hereunder the sum of Five Hundred Dollars (\$500.00) per acre to Lessors, which payment shall maintain this lease in full force and effect for a period of one (1) year from the date such well is shut-in, and it will be considered that gas is being produced hereunder in paying quantities. Lessee may exercise its right to make shut-in royalty payments as provided for herein from time to

time; however, this lease may be maintained by such shut-in payments only if Lessee is exercising reasonable diligence in attempting to market and sell gas producible hereunder. Notwithstanding anything herein to the contrary, this lease shall not be maintained by shut-in royalty payments for a period longer than two (2) years from the end of the Primary Term.

(e) No more than once every twelve (12) months, Lessors shall have the right to audit the accounts and records of Lessee, its successors and assigns, relating to the Leased Premises and to its operations under this lease. Such right shall be exercised by Lessors by giving Lessee written notice and such audit shall be conducted only during normal business hours. If the audit reveals an underpayment, Lessee shall be responsible, and promptly reimburse Lessors in respect of all expenditures by Lessors, for the costs of the audit.

(f) Initial royalty payments shall be due within one hundred and twenty (120) days after the end of the month in which first sales were made. All subsequent royalty payments shall be due within thirty (30) days after the end of the month for oil and sixty (60) days for gas in which the production occurred. Should Lessee fail to pay such royalty within such time, then Lessee shall pay to Lessors interest on said accrued royalties at the rate of the lesser of the maximum rate permitted by law or the average prime interest rate charged by the two largest banks in Tarrant County, Texas, plus two percent (2%), from the due date until the date of payment. If Lessee fails to comply with the provisions of this paragraph, then Lessors shall, at their option, have the right to cancel this lease by filing an affidavit of record in Tarrant County, Texas; however, Lessors shall give written notice of such intention to Lessee and Lessee shall then have thirty (30) days in which to comply with the provisions of this paragraph; further provided, however, that such notice requirement and opportunity to cure shall not apply if Lessee has failed to comply with the provisions of this paragraph on three or more prior occasions during any twelve-month period. Should Lessee pay Lessors all royalty payments past due during said period with accrued interest, this lease shall not be cancelled. The rights of Lessors under this paragraph shall be in addition to, and not in lieu of, all rights Lessors may have as to payment of royalty under V.T.C.A. Natural Resources Code §§ 91.401 through 91.405.

(g) No gas, oil, or byproducts shall be sold to an affiliate of Lessee without the prior written consent of Lessors, which consent may not be unreasonably withheld. The term "affiliate of Lessee", as used herein, means and includes any individual, firm, corporation, partnership, limited liability company, association, joint stock company, pension fund, trust or trustee thereof, estate or executor thereof, unincorporated organization or joint venture, or any other legally recognizable entity that (a) directly or indirectly owns, controls or holds with power to vote 10% or more of the outstanding voting securities of Lessee, (b) 10% or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by Lessee, or (c) directly or indirectly controls, is controlled by or is under common control with Lessee. In the event gas, oil or byproducts shall be sold to an affiliate of Lessee, the value of such shall be determined through the use of market value index prices for the month of production as set forth in Published Indices, plus any applicable premiums. For purposes of this lease, "Published Indices" must be industry recognized published price references,

unaffiliated with Lessee, which reflect the market value for oil, gas, or byproducts produced in Tarrant County, Texas. In the event Published Indices are unavailable for gas produced in Tarrant County, Texas, Published Indices for the Houston Ship Channel shall be used, with an appropriate deduction for the cost of transmission of the gas through common carrier transmission lines from the field to the Houston Ship Channel. The Published Indices relied upon to determine the value of Lessors' oil, gas or byproducts may be changed from time to time in order to always reflect the true market value of the oil, gas or byproducts produced from the Leased Premises.

(h) If Lessor owns a mineral interest in the Leased Premises less than the entire mineral estate, the royalties to be paid Lessor shall be reduced proportionately.

4. PAYING QUANTITIES. For purposes hereof, "paying quantities" is defined as revenue from the sale of production from a well sufficient to return a profit, after deduction of royalties, overriding royalties and production taxes, over and above all direct operating costs, including capital costs or district office overhead not directly attributable to the Leased Premises, for any consecutive six (6) month period, without regard as to whether a reasonably prudent operator would continue to operate such well or wells.

5. POOLING. Lessee shall pool all of the Leased Premises with other adjoining land, lease, or leases, into one (1) pooled unit for a horizontal well (or wells) containing no more than three hundred and twenty (320) acres (the "**Pooled Unit**"). Lessee shall execute an instrument identifying the Pooled Unit and file it for record in the public office in which this lease is recorded and provide a copy thereof to Lessors. At any time while this lease is in force, Lessee may not dissolve the Pooled Unit established hereunder without Lessors' prior written consent, which shall not be unreasonably withheld. If operations are being conducted for drilling on or production of oil or gas from any part of the Pooled Unit, such operations or production shall be considered as operations for drilling on or production of oil and gas from the Leased Premises. For the purpose of computing the royalties to which owners of royalties and payments out of production shall be entitled on production of oil and gas from any pooled unit, there shall be allocated to Leased Premises (or to each separate tract within the unit if this lease covers separate tracts within the unit) that pro rata portion of the oil and gas produced from the Pooled Unit which the number of surface acres of the Leased Premises included in the Pooled Unit bears to the total number of surface acres included in the Pooled Unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the Pooled Unit (or to each separate tract within the unit) that pro rata portion of all of the oil and gas, or either of them, produced from the Pooled Unit which the number of surface acres covered by this lease (or in such separate tract) and included in the Pooled Unit bears to the total number of acres in the Pooled Unit. Pooling hereunder shall not constitute a cross-conveyance of interests. In the event this lease, or any part thereof, covers separate tracts, no communitization of royalty interests as between any such tracts is intended or shall result from the inclusion of such separate tracts within this lease but Lessee shall nevertheless have the right and authority to pool or unitize the lease premises as provided in the pooling or other such provisions contained in this lease. As used in this paragraph, the term "separate tract" means any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the Leased Premises. Notwithstanding anything to the contrary herein contained, drilling operations on or production from a Pooled Unit or units established under the provisions hereof or otherwise embracing land covered hereby and other land shall maintain this lease in force only as to land included in such

unit or units. At any time while this lease is in force, Lessee may not dissolve the Pooled Unit established hereunder without Lessors' prior written consent.

6. ASSIGNMENT. Lessee may not assign or otherwise transfer operations under this lease to any entity other than XTO Energy Inc. without the prior written consent of Lessors, which may withheld in Lessors' sole discretion. The interest of Lessors hereunder may be assigned, mortgaged or transferred in whole or in part, but no change or division in ownership shall have the effect of reducing the rights or enlarging the obligations of Lessee hereunder. No change in ownership permitted hereunder shall be binding on either party hereto until thirty (30) days after the other party has been furnished the original or certified or duly authenticated copies of the documents evidencing such change of ownership. The rights and obligations of the parties hereunder shall extend to their respective heirs, successors and assigns.

7. NO SURFACE USE. Notwithstanding anything herein to the contrary, Lessee and its contractors, agents and affiliated entities, shall have no right to enter upon, conduct any drilling or other surface operations of any nature, or place any facilities or structures of any kind on, over or across, any portion of the surface of the Leased Premises (including, but not limited to, exploration activities of any nature, seismic activities, the laying of pipelines, surveying, the building of roads, tanks, power stations, telephone lines, flow lines, electric power lines, tank batteries, or treaters). Provided however, Lessee shall have the limited right to enter the Leased Premises with a subsurface horizontal or directional wellbore in an effort to explore for and develop oil and gas under the Leased Premises, provided that such operations do not interfere with the surface of the Leased Premises or the subsurface support of any improvements constructed on the Leased Premises.

8. INDEMNITY. Lessee, its successors and assigns, agree to release, defend, indemnify, and hold harmless Lessors, any surface owners over the Leased Premises, and their respective officers, owners, family members, guests, invitees, and any of their heirs, successors, agents and employees (collectively, the "**Indemnified Parties**"), from any and all costs, losses, claims, judgments, settlements, and damages of every kind and character to real property, personal property or persons (including, without limitation, claims involving environmental laws and regulations, pollution, contamination of ground waters, personal injury and death), lawsuits and/or causes of action (including reasonable attorneys' fees, expert fees and court costs) (collectively "**Claims**"), **INCLUDING CLAIMS CAUSED BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, OMISSION OR STRICT LIABILITY OF ANY OF THE INDEMNIFIED PARTIES**, which may be caused by the activities of Lessee and Lessee's agents, invitees, guests, contractors, oil or gas purchasers, oil or gas transporters, servants and employees, whether acting within the scope of their employment or not, and whether negligent or not, on the Leased Premises, or any adjacent property, including, without limitation, any Claims arising from loss of subsurface support of the Leased Premises and any Claims arising from the production or transportation of oil or gas produced from the Leased Premises or lands pooled therewith. For purposes of this Paragraph 8 and Paragraph 9 of this lease, environmental laws and regulations include, without limitation, the federal Oil Pollution Act (OPA), the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), the federal Resource Conservation and Recovery Act (RCRA), the federal Clean Water Act, the Texas Solid Waste Disposal Act (TSWDA), the Texas Water Code (TWC), and the federal, state and local rules, regulations, ordinances, orders and governmental directives implementing such statutes. The Lessee's obligations in this Paragraph 8 shall survive the termination of this lease.

9. ENVIRONMENTAL LIABILITY. As used in this lease, the term "**Hazardous Materials**" means any substance or material defined or identified as hazardous, extra-hazardous, toxic or radioactive or subject to regulation as a solid waste or pollutant under any applicable federal, state, or local statute or regulation including, without limitation, the environmental laws and regulations referenced in paragraph 8 of this lease. "**Remedial Work**" is defined as any site investigation or monitoring, any cleanup, containment, remediation, removal, or restoration work performed in response to any federal, state or local government authority or private party action ("action"), or pursuant to any federal, state or local statute, rule, regulation, ordinance, order, governmental directive or other laws ("law"). Lessee agrees, for the benefit of the Lessors, (1) to remove from the Leased Premises, if, as and when required by any action or law, any Hazardous Materials placed or released thereon by Lessee (including its drillers and other contractors), (2) to perform Remedial Work where the need therefore arises in connection with Lessee's (including its drillers' and other contractors') operations or activities on the Leased Premises or any adjacent property, and (3) to comply in all respects with all laws governing operations by Lessee (including its drillers and other contractors) and Remedial Work on or associated with the Leased Premises and any adjacent property. Remedial Work shall be performed by one or more contractors selected by Lessee under the supervision of an engineer selected by Lessee. All costs and expenses of Remedial Work resulting from Lessee's (including its drillers' and other contractors') operations shall be paid by Lessee, including, without limitation, the charges of such contractors and/or the consulting engineer and Lessors' reasonable attorneys' fees and costs incurred in connection with the monitoring or review of Remedial Work. If Lessee shall fail to timely commence or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Lessors may (but shall not be required to), after first giving Lessee fifteen (15) days notice of its failure and Lessee's continued failure to perform, cause such Remedial Work to be performed and Lessee will reimburse all reasonable costs of same on demand. The provisions of this paragraph shall not constitute approval or obligate Lessors to consent to the imposition of any engineering or institutional control that would restrict or limit future use of the Leased Premises for any purpose including, without limitation, any deed restriction or limitation on the use of groundwater or use of the property for residential purposes. Lessee will notify Lessors of any claim or other action by any governmental agency or any third party involving the actual or alleged existence of Hazardous Materials on the Leased Premises or any adjoining property and provide Lessors with copies of (1) any notice of any actual or threatened release of Hazardous Materials given by Lessee pursuant to any law and (2) any report of and response to any such release including all Remedial Work. Lessee, its successors and assigns, in accordance with the provisions of paragraph 8, will release, indemnify, pay and protect, defend and save the Indemnified Parties harmless from all claims, liabilities, fees and expenses of any kind (including reasonable attorneys' fees, expert fees and costs) that arise from the actual or alleged presence or release of any Hazardous Materials in connection with the operations of Lessee and Lessee's agents, invitees, guests, contractors, servants and employees on the Leased Premises or any adjacent property. Such indemnification shall include, without limitation, costs in connection with any Remedial Work performed by Lessors, or any third party in response to any federal, state or governmental authority, laws or regulations, due and payable upon demand by the Lessors. The Lessee's obligations in this Paragraph 9 shall survive the termination of this lease.

10. INSURANCE. Lessee, at its own expense, shall maintain a general liability insurance policy (covering both bodily injury and property damage and covering its indemnity obligations under paragraphs 8 and 9 of this lease) in an amount of at least \$2,000,000 combined

single limit. Lessee shall also, at its own expense, carry worker's compensation insurance as required by law.

11. FORCE MAJEURE. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon, from producing oil or gas therefrom, by reason of fire, storm, flood, war, riot, strike or by act of God, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended for a period not to exceed two (2) years, and Lessee shall not be liable in damages for failure to comply therewith, and this lease shall be extended for a period not to exceed two (2) years while and so long as Lessee is prevented by any such cause from conducting drilling or reworking operations on, or producing oil and gas from, the Leased Premises or lands pooled therewith; and the time while Lessee is so prevented shall not be counted against Lessee. In order for Lessee to claim the benefit of this paragraph, Lessee must advise Lessors in writing within thirty (30) days of the date Lessee claims any obligation is suspended, setting forth in reasonable detail such facts as Lessee relies upon to make the provisions of this paragraph applicable and Lessee must make every reasonable attempt to cure any force majeure event on an ongoing basis during such period of force majeure.

12. NOTICES.

(a) To Lessee. All notices to Lessee from Lessors shall be sent to the following address:

**Vargas Energy, Ltd.**  
4200 S. Hulen, Suite 614  
Fort Worth, Texas 76109

Lessors shall be notified in writing of any change of address, or of the party to receive notice on behalf of Lessee.

(b) To Lessors. Lessors shall be notified at the addresses shown on Schedule I attached hereto. Lessors shall notify Lessee of any change of the address.

13. NO WARRANTY. Notwithstanding anything herein to the contrary, this lease is made by Lessors without any warranties or representations of title, ownership or control of the Leased Premises, either express or implied, and without recourse against Lessors.

14. NOISE. Noise levels associated with Lessee's operations on any drillsite utilized for the development of the Pooled Unit shall be kept to a reasonable minimum, taking into consideration all reasonably available equipment and technology in the oil and gas industry and the residential usage of the Leased Premises.

15. NO COMPRESSORS. Lessee shall not locate compressors for the compression of gas within one thousand feet (1,000') of the Leased Premises.

16. DUST, VIBRATION AND ODORS. Lessee's operations on any drillsite or other facility utilized for the development of the Pooled Unit shall be conducted in such a manner as to minimize, so far as practical, dust, vibration, or noxious odors on the Leased Premises, and shall be in accordance with the best accepted practices incident to drilling for the production of oil or gas in densely populated urban areas.

17. LIGHTS. Lessee shall direct lights on any drillsite or other facility utilized for the development of the Pooled Unit away from the Leased Premises.

18. WAIVER. No waiver of any of the provisions of this lease shall be deemed or constitute a waiver of any other provision of this lease, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. Likewise, the failure of Lessors to enforce any provision of this lease shall not be deemed nor shall constitute a waiver of the right of Lessors to enforce such provision.

19. LAW AND VENUE. The rights and duties of the parties under this lease shall be governed by the laws of the State of Texas. Venue for any action to enforce Lessee's obligations hereunder shall lie in Tarrant County, Texas.

20. HEADINGS. The paragraph headings in this lease are for convenience only, and shall not be considered in interpretation or construction of any provision of this lease.

21. SUCCESSORS AND ASSIGNS. All terms, provisions and obligations of this lease shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, legal representatives, administrators, permitted successors and assigns.

22. ATTORNEYS' FEES. If any of the Lessors file a legal action to enforce any express or implied obligation of this lease and receive a favorable judgment from a court of competent jurisdiction, then Lessee shall reimburse such Lessors for all costs of such legal proceedings, including reasonable attorneys' fees, expert witness fees and costs.

23. COMPLIANCE WITH LAW. Lessee covenants that it will strictly comply with all applicable laws, regulations and ordinances in conducting all operations under this lease.

24. LESSORS' ACCESS TO INFORMATION. Upon written request, Lessee shall make available to Lessors' nominee for review at Lessee's offices: (i) the daily drilling reports for each Pooled Unit well; and, (ii) any title opinions, abstracts or other records or opinions reflecting upon any of the Lessors' title to the leased premises. Lessors' nominee may review, at Lessee's principal offices, all filings with the Railroad Commission of Texas, and any other governmental agency, including logs, and other test results of the potential of the Leased Premises to produce oil or gas. All of the foregoing information that is not available to the public shall be kept confidential by Lessors during the term of this Lease.

25. ENCUMBRANCES. This lease is subject to all licenses, permits, easements, rights of way, surface leases, restrictive covenants, and other contracts of Lessors, or their predecessors in interest, affecting the Leased Premises.



26. COUNTERPARTS. This lease may be executed in multiple counterparts, all of which shall be deemed to constitute one instrument.

27. PARTIAL TERMINATION. Notwithstanding anything in this lease to the contrary, two (2) years after the expiration of the Primary Term, this lease shall terminate as to all of the Leased Premises save and except the depths from the surface down to one hundred feet (100') below the stratigraphic equivalent of the deepest producing formation in a well drilled on the Leased Premises or lands pooled therewith.

28. PROPORTIONATE REDUCTION. If Lessor owns a mineral interest in the Leased Premises less than the entire mineral estate, the royalties to be paid Lessor shall be reduced proportionately.

IN WITNESS WHEREOF, this instrument is executed to be effective as of the date stated herein.

**LESSEE:**

**VARGAS ENERGY, LTD.**

By: Plover Production Company LLC  
its general partner

By:   
Crawford H. Edwards, President

**LESSORS:**

*See signatures, addresses and  
acknowledgements on Schedule I attached hereto.*

STATE OF TEXAS

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§  
§

COUNTY OF TARRANT

The foregoing instrument was acknowledged before me on the 25<sup>th</sup> day of June, 2008, by Crawford Edwards, as President of Plover Production Company, LLC, as general partner of Vargas Energy, Ltd., on behalf of said limited partnership.

(Seal)



Danna S. Hobbs  
Notary Public, State of Texas

After filing  
Return to:

VARGAS ENERGY, Ltd.  
4200 S. Hulen, Suite 614  
Fort Worth, TX 76109

Schedule I

Lessor: J. Mason Odom  
Laurie A. Odom

Mailing Address: 2708 Manorwood Trail  
Fort Worth, TX 76109

Description of property covered by this lease:

Block 3, Lot 3  
Villages of Stonegate Addition  
City of Fort Worth, Tarrant County, Texas  
.193 acres

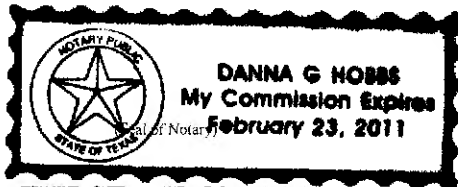
Lessor Signature:

By: [Signature]  
J. Mason Odom

By: [Signature]  
Laurie A. Odom

THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

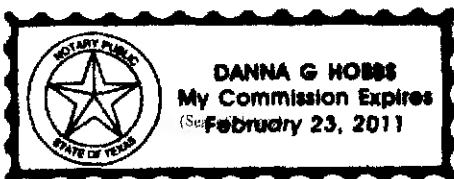
The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of June, 2008 by J. Mason Odom.



THE STATE OF TEXAS §  
§  
COUNTY OF DALLAS §

[Signature]  
Notary Public, State of Texas

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of June, 2008 by Laurie A. Odom.



[Signature]  
Notary Public, State of Texas

**Schedule I**

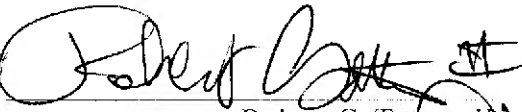
Lessor: Robert C. Totten, II  
Lorre Moore Totten

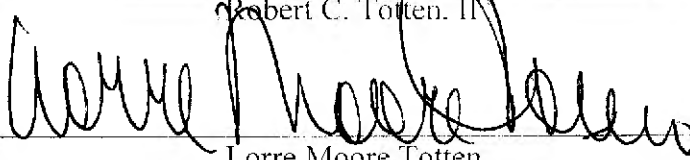
Mailing Address: 2700 Manorwood Trail  
Fort Worth, TX 76109

Description of property covered by this lease:


Block 3, Lot 14  
Villages of Stonegate Addition  
City of Fort Worth, Tarrant County, Texas  
.291 acres

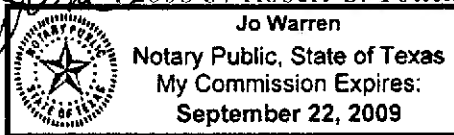
Lessor Signature:

By:   
Robert C. Totten, II


By:   
Lorre Moore Totten

THE STATE OF TEXAS §  
§  
COUNTY OF TARRANT §


 The foregoing instrument was acknowledged before me this 13 day of  
June, 2008 by Robert C. Totten, II.

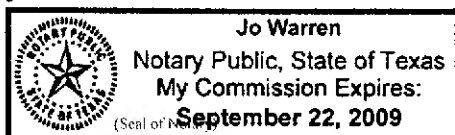


(Seal of Notary)

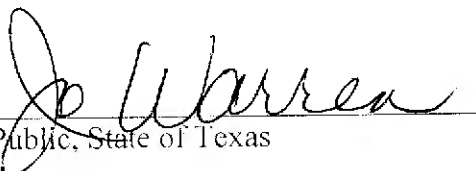
  
Notary Public, State of Texas

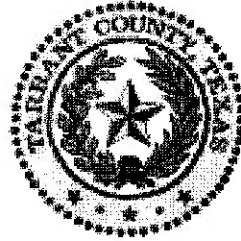
THE STATE OF TEXAS §  
§  
COUNTY OF TARRANT §

 The foregoing instrument was acknowledged before me this 13 day of  
June, 2008 by Lorre Moore Totten.



(Seal of Notary)

  
Notary Public, State of Texas



VARGAS ENERGY LTD  
4200 S HULEN STE 614

FT WORTH TX 76109

Submitter: DANNA G HOBBS

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SUZANNE HENDERSON  
TARRANT COUNTY CLERK  
TARRANT COUNTY COURTHOUSE  
100 WEST WEATHERFORD  
FORT WORTH, TX 76196-0401

**DO NOT DESTROY**  
**WARNING - THIS IS PART OF THE OFFICIAL RECORD.**

Filed For Registration: 06/25/2008 11:09 AM  
Instrument #: D208243924  
LSE 13 PGS \$60.00

By: \_\_\_\_\_



**D208243924**

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE  
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR  
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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